
Higher Education Committee

HB 2239

Brief Description: Concerning the creation of a student loan program with a dedicated revenue source.

Sponsors: Representatives Wallace, Sells and Kenney.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Declares the Legislature's intent to create a state student loan program with a dedicated revenue source based on proceeds from the Washington Lottery.

Hearing Date: 2/20/09

Staff: Andi Smith (786-7304)

Background:

Lottery: The Washington Lottery was established in 1982. Lottery revenues are used for the following purposes in addition to prizes and administrative expenses (the figures are amounts distributed in FY 2008):

- Education construction - \$102 million;
- Stadium bonds - \$13.3 million;
- Problem gambling education - \$0.3 million;
- Economic development - \$3.7 million; and
- General Fund - \$11.1 million.

Current student aid: The Higher Education Coordinating Board is in charge of almost all state-run student financial assistance programs. In 2006-07, a total of \$1.52 billion was provided to about 132,000 needy Washington students from state, federal, and other sources. This aid took the form of grants, work study awards, and loans. The federal government provided the majority of the aid, 77 percent of which was in the form of loans. The state does not currently operate a state-backed student loan program.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill:

The Legislature finds that assuring access to higher education is of key importance but that current financial aid programs sometimes fall short of covering the total cost of attendance. The Legislature declares its intent to create a student loan program with a dedicated funding source to guarantee the supply of credit. The Legislature further declares that profits from the state lottery will be used to support the new state student loan program.

Appropriation: None.

Fiscal Note: Requested February 19, 2009.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.